

The 2008/2009 Application Guidebook Revisions

The following documents represent revisions and clarifications to the 2008/2009 Application Guidebook. Please print these documents to replace existing pages of the original Guidebook.

Guidebook Revisions and Clarifications

Revised pages are so noted at the bottom of each page. *It is strongly recommended that these pages be printed on colored paper to avoid confusion.*

The revised pages are:

- Chapter 4 pages, 4-5, 4-14, 4-17, and 4-29
- Exhibits 10, 22, 27, 28, 29, 30, 37, 40a, 40b, 41, 43, 51, 52 and 53

1. The net increase in per capita income between 1990 and 2000 was \$5,042 or less;
2. The average rate of unemployment for both 2006 and 2007 was 7.4 percent or more;
3. The percentage of persons below the poverty level in 2000 was 15.2 percent or more.
4. At least 70 percent of households had incomes below 80 percent of the median county household income in 2000; and
5. The area is within a jurisdiction declared a disaster area by the President of the United States within the last seven years.

Directions. To demonstrate eligibility under Option 1, the applicant should complete Exhibit 6a with the following format and corresponding information for each census tract, block group, or enumeration district in the eligible area:

**Exhibit 6a
Distress Factors**

| A | B | C | D | E | F | G |
|---------------------|---|--|---|--|-------------------------------|--|
| Census Tract Number | Net Increase in Per Capita Income (Years 1990 & 2000) | Average Rate of Unemployment for Years 2006 and 2007 | Percentage of Persons Below Poverty Level | Percentage of Households Below 80% of Median County Household Income | Declared Disaster Area (Date) | Meets at least 3 of 5 Distress Criteria? |

To assist the Department, the table should highlight or otherwise identify which of the distress criteria each census tract meets. Appendix B describes the methodologies for the distress factors.

► **Exhibit 6b: Eligibility Option 2—Petition for Distress Area**

Background. If a community does not satisfy the eligibility criteria under Option 1, it may qualify based on the existence of a distressed area within its jurisdiction. To qualify under this option, the community must submit Exhibit 6b to the Department on or before **January 30, 2009**. The Department shall issue an eligibility determination letter to petitioners within 30 days of receipt. The letter shall notify the petitioner of departmental approval or denial. If the Department denies the petition, the letter shall list the reasons for the denial. The Department's decision to deny a petition shall be final.

Directions. To apply under Eligibility Option 2, the applicant should demonstrate that its community incurred one of the following distress factors: 1) a plant closure, 2) substantial economic distress, or 3) gang-related activity. Use Exhibit 6b as a cover page for these materials. The following section defines these distress factors and the required elements for the petition:

| Area Type | Requirement | Applicant Response |
|------------------------|---|--------------------|
| | The State preliminarily approved the proposed boundaries of the application area as demonstrated by a copy of the approval letter. | EXHIBIT _____ |
| Eligible Area | The population of the eligible area. | |
| | The source and/or evidence of population size. | |
| Industrial Area | If there is an industrial area adjacent to the eligible area, confirm that the infrastructure for the industrial area is supplied by the applicant jurisdiction. | EXHIBIT _____ |
| | If there is an industrial area adjacent to the eligible area, confirm that there is an historical practice of employees reasonably traveling to this area to work. Describe this practice. | EXHIBIT _____ |

► Exhibit 11: Legal Boundary Description

Each final applicant must submit a legal description identifying the boundaries of the entire zone. After final designation, this written description will be binding for the term of the enterprise zone designation. The Department will consider alternatives to the legal boundary description, such as a digitized map. Please contact the Department for more information.

Use Exhibit 11, illustrated below, to provide the boundary description for the proposed zone (commercial area, industrial area, and other parts of the eligible area needed to connect the two). Provide (1) a hard copy using this template, marking the document EXHIBIT 11 and (2) a clearly labeled and dated CD-ROM.

EXHIBIT 11
LEGAL BOUNDARY DESCRIPTION AS OF (DATE)

| Starting At | To the (direction) | Boundary (street/market) | Ending At | Boundary includes (street side) |
|-------------|--------------------|--------------------------|-----------|---------------------------------|
| | | | | |

► Exhibits 12a or 12b: Street Ranges

Background. Each applicant must submit a listing of the address ranges on each side of the commercial and industrial streets within the zone boundaries. No address range for a street shall extend beyond the zone boundaries. Once final designation is made, the Department will post the listing of all streets and addresses included within the zone on its website. Once posted, the listing will be used by zone businesses, state tax officials, consultants, and lenders to determine eligibility for state tax credits. Applicants shall be responsible for bringing inaccuracies contained in the street range

application and make certain that its contents, such as the legal boundary description and the documentary requirements for the California Environmental Quality Act, fully encompass the entire zone.

To obtain the Department's preliminary approval on an application's proposed zone boundary configurations, applicants must submit their requests to the Department between **December 1, 2008**, and **February 27, 2009**. The applicants should submit a cover letter formally requesting a preliminary review of the proposed boundaries and copies of all of the required maps specified in Exhibit 7 to the following address:

Frank Luera, Chief
State Enterprise & Economic Development Section
Department of Housing & Community Development
1800 Third Street, Suite 390
Sacramento, CA 95811

The Department will review the maps and, if they are consistent with the boundary guidelines described in this section, issue a qualified, preliminary approval on the proposed boundaries. If the Department preliminarily approves the boundaries, it will require the applicant to resubmit the maps with the complete application by the stated deadline. If the applicant subsequently modifies the preliminarily-approved boundaries prior to the application deadline, the Department will withdraw its previous approval and re-evaluate the boundaries of the entire zone.

California Environmental Quality Act Requirements (Exhibit 13)

Section Overview

Each enterprise zone applicant must comply with the requirements of the California Environmental Quality Act (CEQA). (The CEQA statutes and guidelines are available at <http://ceres.ca.gov/ceqa/>.) The following sections describe the requirements at each of the two stages indicated.

Section Topic

The Application Period
The Conditional Designation Period
CEQA Reports (Exhibit 13)

To meet the CEQA requirements, applicants must submit Exhibit 13. The following section provides an overview of the requirement and directions for the exhibit.

The Application Period

Under new legislation, cities and counties that apply for enterprise zone designation after October 1, 2007, must include an initial study with their application. If the jurisdictions determine, based on the initial study, that they should prepare an environmental impact report (EIR), they must also include a notice of preparation with the application. On the other hand, if the initial study indicates that a negative declaration is appropriate, the jurisdictions are not required to submit a notice of

Criterion 1—Poverty Levels

This criterion requires that the census tracts in the proposed enterprise zone application area have a high percentage of households with incomes below the poverty level.

► Exhibit 51: Poverty Level

To be considered under this criterion, at least 17.5 percent of the households in the census tract must be below the poverty level. (The Department will award up to 50 points based on a relative scale.)

Criterion 2—Unemployment Rates

This criterion states that the average unemployment rate (as indicated in Census 2000) for the census tract(s) of the proposed enterprise zone application area must be at least five percentage points above the statewide average for the most recent calendar year as determined by the Employment Development Department.

► Exhibit 52: Local Unemployment Rate

To qualify for this bonus criterion, the average unemployment rate for the census tracts of the proposed enterprise zone application area must be at least 10.4 percent. (The Department will award up to 50 points based on a relative scale.)

Criterion 3—Unique Distress Factors

To qualify under Criterion 3, the applicant jurisdiction must document that it has a unique distress factor affecting long-term economic development, including, but not limited to, resource depletion, plant closure, industry recession, natural disaster (including areas declared a disaster by the President of the United States within the last seven years), or a military-base closure.

► Exhibit 53: Unique Distress Factors

To qualify for bonus points under this factor, the application must include a detailed description of the unique distress factor(s) (incurred since the Year 2000) and clearly indicate the job loss associated with these factors. (The Department will award up to 50 points at its discretion.)

EXHIBIT 10

BOUNDARY CONFIGURATION CHECKLIST

| Area Type | Requirement | Applicant Response* |
|-------------------------|--|---------------------|
| Application Area | A Map (labeled and dated) clearly outlining the application area and any industrial and/or commercial area. | EXHIBIT ____ |
| | The State preliminarily approved the proposed boundaries of the application area as demonstrated by a copy of the approval letter. | EXHIBIT ____ |
| | Identify the number of acres in the application area. | |
| Eligible Area | The population of the eligible area. | |
| | The source and/or evidence of population size. | EXHIBIT ____ |
| Industrial Area | If there is an industrial area adjacent to the eligible area, confirm that the infrastructure for the industrial area is supplied by the applicant jurisdiction. | EXHIBIT ____ |
| | If there is an industrial area adjacent to the eligible area, confirm that there is an historical practice of employees reasonably traveling to this area to work. Describe this practice. | EXHIBIT ____ |

* Label any documents supporting this exhibit as noted under applicant response.

EXHIBIT 22

ANNUAL SALES PLAN FOR ON-SITE VISITS

| Location* (e.g., North, South, etc.) | Target Market | Number of Sales Calls Planned | Frequency | Objective | Lead Agency |
|---|---------------|----------------------------------|-----------|-----------|-------------|
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* Complete this column if the jurisdiction intends to distinguish its sales plan and site visits by geography.

EXHIBIT 27
FINANCIAL ASSISTANCE AVAILABLE
FOR COMMERCIAL/INDUSTRIAL BUSINESSES IN THE APPLICATION AREA (UP TO 5 EXAMPLES)

| Agency, Organization, or Firm (Name & Address) | Financial services or loan programs available | Companies that received financial assistance since January 1, 2005 , for each specified service or loan program |
|---|--|--|
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EXHIBIT 28
FINANCIAL INSTITUTIONS INTERESTED IN MAKING LOANS TO COMPANIES IN THE APPLICATION AREA
(UP TO 5 INSTITUTIONS)

| Company or Financial Institution (Name & Address) | Current Loan Programs Offered | Number of Loan Packages Completed During 2007* | Number of Companies Assisted in 2007** |
|--|---|--|--|
| | <input type="checkbox"/> Commercial Loan Programs <input type="checkbox"/> Micro-Enterprise Loans <input type="checkbox"/> Small Business Loans <input type="checkbox"/> Other: _____ | | |
| | <input type="checkbox"/> Commercial Loan Programs <input type="checkbox"/> Micro-Enterprise Loans <input type="checkbox"/> Small Business Loans <input type="checkbox"/> Other: _____ | | |
| | <input type="checkbox"/> Commercial Loan Programs <input type="checkbox"/> Micro-Enterprise Loans <input type="checkbox"/> Small Business Loans <input type="checkbox"/> Other: _____ | | |
| | <input type="checkbox"/> Commercial Loan Programs <input type="checkbox"/> Micro-Enterprise Loans <input type="checkbox"/> Small Business Loans <input type="checkbox"/> Other: _____ | | |
| | <input type="checkbox"/> Commercial Loan Programs <input type="checkbox"/> Micro-Enterprise Loans <input type="checkbox"/> Small Business Loans <input type="checkbox"/> Other: _____ | | |
| Totals | | | |

*Indicate the number of loan applications processed resulting in approval or denial.

**Indicate the number of companies that received loans.

EXHIBIT 29

APPLICANT LOAN PROGRAMS & RESULTS FOR 2007

| Program Name & Jurisdiction | Amount of Loans* (Dollars) | Number of Companies that Received Loans | Number of Persons Employed by Recipients of Loans |
|-----------------------------|-------------------------------|---|---|
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*Indicate the amount of funds loaned in 2007.

EXHIBIT 30

FINANCIAL INSTITUTIONS INTERESTED IN MAKING SMALL BUSINESS ADMINISTRATION (SBA) LOANS TO COMPANIES IN THE APPLICATION AREA (UP TO 5 INSTITUTIONS)

| Name and Address of Financial Institution | Type of Lender | Types of SBA Loans | Number of Jobs Created or Retained Since January 1, 2005 | Number of Companies Assisted Since January 1, 2005 |
|--|---|---|---|---|
| | <input type="checkbox"/> Bank <input type="checkbox"/> Credit Union <input type="checkbox"/> Mortgage Company <input type="checkbox"/> Community Development Financial Institution <input type="checkbox"/> Other: _____ | <input type="checkbox"/> Loan Guaranty Program <input type="checkbox"/> CDC/504 Loan Program <input type="checkbox"/> Micro Loans <input type="checkbox"/> Targeted Loans <input type="checkbox"/> Basic 7 (a) Loans <input type="checkbox"/> Other: _____ | | |
| | <input type="checkbox"/> Bank <input type="checkbox"/> Credit Union <input type="checkbox"/> Mortgage Company <input type="checkbox"/> Community Development Financial Institution <input type="checkbox"/> Other: _____ | <input type="checkbox"/> Loan Guaranty Program <input type="checkbox"/> CDC/504 Loan Program <input type="checkbox"/> Micro Loans <input type="checkbox"/> Targeted Loans <input type="checkbox"/> Basic 7 (a) Loans <input type="checkbox"/> Other: _____ | | |
| | <input type="checkbox"/> Bank <input type="checkbox"/> Credit Union <input type="checkbox"/> Mortgage Company <input type="checkbox"/> Community Development Financial Institution <input type="checkbox"/> Other: _____ | <input type="checkbox"/> Loan Guaranty Program <input type="checkbox"/> CDC/504 Loan Program <input type="checkbox"/> Micro Loans <input type="checkbox"/> Targeted Loans <input type="checkbox"/> Basic 7 (a) Loans <input type="checkbox"/> Other: _____ | | |

EXHIBIT 37
JOB DEVELOPMENT PLANS FOR WORKFORCE INVESTMENT ACT (WIA) AND
CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS) RECIPIENTS

1. Explain the plan to place recipients of WIA and CalWORKs services.

2. What adjustments or additions will be made to the traditional placement process to place recipients of WIA and CalWORKs services into Enterprise Zone jobs?

3. Briefly describe how the jurisdictions will track placement of the recipients of WIA and CalWORKs services.

4. Explain how the jurisdiction(s) will coordinate its marketing efforts with job development agencies and/or contractors.

EXHIBIT 40a*

LOCAL INCENTIVES EXCLUSIVE TO ENTERPRISE ZONE BUSINESSES

| Incentive Description | Type** | Benefit to Business | How will incentive stimulate business investment in the application area? | Lead Agency | Estimated Annual Cost to Agency |
|--------------------------------------|-----------|--|---|--------------------------------|---------------------------------|
| <i>Example: Utility Fee Deferral</i> | <i>FW</i> | <i>Defer and amortize \$25K + fees</i> | | <i>City of West Sacramento</i> | <i>Max: \$100,000</i> |
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*Multiple-jurisdictional applicants must use **Exhibit 40b** to present the local incentives to be offered.

**Incentive Type Key

- DCR = (Direct) Immediate Cost Savings
- ET = Efficiency/ Time
- FW = Fee Waiver
- RC = Rebates/ Credits
- RI = Regulatory Fee Reductions
- OTHER = Other incentives not listed**

EXHIBIT 40b
LOCAL INCENTIVES EXCLUSIVE TO ENTERPRISE ZONE BUSINESSES
(MULTI-JURISDICTIONAL VERSION)

| Incentive Description | Type** | Benefit to Business | How will incentive stimulate business investment in the application area? | Participating Jurisdiction | | | | Total Estimated Annual Cost to all Agencies |
|--------------------------------------|-----------|--|---|----------------------------|--------|--------|--------|---|
| | | | | County | City 1 | City 2 | City 3 | |
| <i>Example: Utility Fee Deferral</i> | <i>FW</i> | <i>Defer and amortize \$25K + fees</i> | | | X | | X | |
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**Incentive Type Key DCR = (Direct) Immediate Cost Savings
 ET = Efficiency/ Time
 FW = Fee Waiver
 RC = Rebates/ Credits
 RI = Regulatory Fee Reductions
 OTHER = Other incentives not listed

EXHIBIT 41
LAND USE PLANS FOR APPLICATION AREA (2009 – 2013)

| Project* | Location | Funding Source | Impact on Proposed Economic Development Plan |
|----------|----------|----------------|--|
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*Provide a general description of the project, e.g., revitalization, beautification, etc.

EXHIBIT 43
UNEMPLOYMENT AND AREA INCOME LEVELS*
FOR CENSUS TRACTS IN ELIGIBLE AREAS FOR YEAR 2000

| Census Tract | Number of Unemployed Persons | Number of Total Labor Force in Census Tract | Percentage of Unemployed Persons | Per Capita Income |
|----------------------|---------------------------------|--|-------------------------------------|-------------------|
| <i>Example: 1234</i> | <i>234</i> | <i>4,356</i> | <i>5.3%</i> | <i>10,597</i> |
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*DATA SOURCE: www.census.gov

Table: P43. SEX BY EMPLOYMENT STATUS 16 YEARS+

EXHIBIT 51

BONUS CRITERION 1: POVERTY LEVEL*

| Number | Census Tract Number (Application Area Only)** | Number of Households at or Below Poverty Level | Total Number of Households | Percentage of Households at or Below Poverty Level |
|----------------|--|---|-------------------------------|---|
| <i>Example</i> | <i>1112</i> | <i>313</i> | <i>1,023</i> | <i>313/1023 = .3059 or 31%</i> |
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*DATA SOURCE: www.census.gov

Table: P92. POVERTY STATUS IN 1999 BY AGE

See methodology in Appendix B, page B-9.

**List all census tracts included in the Application Area.

EXHIBIT 52

BONUS CRITERION 2: LOCAL UNEMPLOYMENT RATE*

| Number | Census Tract Number** (Application Area Only) | Unemployed (Male and Female) | Total Labor Force | Percentage of Unemployed Labor Force |
|----------------|--|--|-------------------|---|
| <i>Example</i> | <i>28</i> | <i>Male-Unemployed: 58 Female-Unemployed: 105 Total: 163</i> | <i>2,248</i> | <i>163/2248 = .0725 or 7.3%</i> |
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*DATA SOURCE: www.census.gov

Table: P43. SEX BY EMPLOYMENT STATUS FOR THE POPULATION 16 YEARS+

See methodology in Appendix B, page B-11.

**List all census tracts included in the Application Area.

EXHIBIT 53
BONUS CRITERION 3: UNIQUE DISTRESS FACTORS

Instructions: In the table below, please explain the unique distress factors (incurred since the Year 2000) that are affecting each jurisdiction's long-term economic development and the job losses associated with each factor. To receive credit for each factor, attach documentation that supports the job losses indicated. Acceptable documentation includes newspapers articles, academic studies, consultant reports, etc.

| Unique Distress Factor Affecting Long-Term Economic Development | Job Loss Due to Distress Factors |
|---|----------------------------------|
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